



November 20, 2018

Item No. 10

**RECOMMENDATION TO EXECUTE A 1) HOUSING ASSISTANCE PAYMENTS CONTRACT UNDER THE SECOND COMPONENT OF THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT RENTAL ASSISTANCE DEMONSTRATION PROGRAM FOR (A) MAE SUITES AND (B) LAWSON HOUSE; 2) PRELIMINARY COMMITMENT LETTER FOR LAWSON HOUSE; 3) HOUSING ASSISTANCE PAYMENTS CONTRACT FOR FOCUS APARTMENTS; AND 4) ALL OTHER DOCUMENTS AS MAY BE NECESSARY OR APPROPRIATE TO IMPLEMENT THE FOREGOING.**

Development	Address	Alderman / Ward	Community Area
Mae Suites	148 North Mayfield	Chris Taliaferro 29 <sup>th</sup> Ward	Austin
Lawson House	30 West Chicago Avenue	Brian Hopkins 2 <sup>nd</sup> Ward	Near North Side
Focus Apartments	165 North Central Avenue	Chris Taliaferro 29 <sup>th</sup> Ward	Austin

**Presenters:** Derek Messier, Chief Property Officer  
Jewell Walton, Senior Director, RAD & PBV Programming  
Cary Steinbuck, Director PRA

**Recommendation**

It is recommended that the Board of Commissioners (Board) of the Chicago Housing Authority (CHA) authorize the Chief Executive Officer or his designee to execute a 1) Housing Assistance Payments (HAP) contract under HUD Rental Assistance Demonstration program Second Component (RAD2) for a) 39 units at Mae Suites and b) 100 PRA units at Lawson House; 2) Preliminary Commitment Letter for 100 PRA units at Lawson House; 3) Housing Assistance Payments (HAP) contract for 10 PRA units at Focus Apartments; and 4) execute all other documents as may be necessary or appropriate to implement the foregoing.

The requested action complies in all material respects with applicable CHA Board policies and all applicable federal laws. Staff have completed all necessary due diligence to support the submission of this initiative.

## Property Summary

Development	Developer / Owner	Target Population	PRA Units	Total Units
Mae Suites	Mayfield Limited Partnership Heartland Housing, Inc.	Supportive Homeless Individuals	39 PRA units	39 units
Lawson House	Lawson Partners, LLC Holsten Real Estate Development Corporation	Supportive Housing Individuals	100 RAD2 units	583 units
			100 PRA units	400* units
Focus Apartments	Safer Housing Assistance, LLC	Supportive Ex-Offenders	10 PRA units	10 units

(\* After rehabilitation)

## Contract Summary

Development	Funding	Contract Term	Contract Type	Initial Estimated Contract	Total Estimated Contract	Application Received
Mae Suites	RAD (Second Component)	20 years	RAD2 HAP contract	\$ 36,192 / month \$ 434,304 / year	\$ 10,552,445 (20 years)	April 2018
Lawson House	RAD (Second Component)	20 years	RAD2 HAP contract	\$ 92,800 / month \$ 1,113,600 / year	\$ 27,057,551 (20 years)	August 2017

Development	Funding	Contract Term	Contract Type	Initial Estimated Contract	Total Estimated Contract	Application Received
Lawson House	Housing Choice Voucher Program	30 years	AHAP & HAP contract	\$ 92,800 / month \$ 1,113,600 / year	\$ 45,176,613 (30 years)	September 2018
Focus Apartments	Housing Choice Voucher Program	30 years	AHAP & HAP contract	\$ 8,320 / month \$ 99,840 / year	\$ 4,050,317 (30 years)	January 2018

## MAE SUITES

Mae Suites is a 39-unit, four-story, walk-up building located at 148 North Mayfield in the Austin community area. The building has participated in CHA's Moderate Rehabilitation (Mod Rehab) portfolio since 2010.



- Mae Suites has applied to the US Department of Housing & Urban Development (HUD) to convert the Mod Rehab contract to project based vouchers under the Rental Assistance Demonstration Program - Second Component (RAD2). Subject to HUD and CHA approvals, 39 new RAD2 vouchers will be assigned to CHA to administer. As part of the conversion, Mae Suites will undergo rehabilitation which includes upgrades to the common areas, tuckpointing, replacement of windows, roof and gutters, repairs to plumbing, and heating systems, as well as installation of a new wheelchair lift. Tenants can remain in the building during the rehabilitation. While Mod Rehab is a 1-year, renewable rental subsidy contract, RAD2 provides a 20-year rental subsidy contract to preserve affordable housing for special needs households. RAD2 allows the property the opportunity to secure financing for repairs and create long-term sustainability.
- RAD2 units will continue to serve households that have experienced homelessness. As such, the target population come from the City's coordinated entry system (HMIS) which is cross-referenced with CHA waitlists. CHA waitlist residents that are on HMIS will have first opportunity for housing.
- Property amenities include onsite management, supportive services, maintenance and janitorial staff, laundry room, intercom and a security system.
- RAD2 will assist 39 studio units, each approximately 375 square feet. All units include a kitchen with refrigerator and range and are cable/internet ready. All utilities are provided by the building. Six (6) studios units are accessible and one (1) unit will be converted for a sensory impaired household.

### Property Owner / Manager

**Mayfield Limited Partnership** is a single-purpose entity fully controlled by Heartland Housing, Inc. Heartland housing is responsible for the development and overall operations of the property. Heartland has developed over 1,900 units located in Illinois and Florida. Heartland has experience owning and managing properties financed through Low-Income Housing Tax Credits, HOME funds, CDBG, and the Chicago Low-Income Housing Trust Fund.

**Heartland Housing, Inc.** is Heartland Housing management arm, managing over 900 units of affordable and supportive housing across fourteen (14) properties. Social Services are provided by Heartland Human Care.

## LAWSON HOUSE

Lawson House is a 22-story, masonry, elevator-served building located at 30 West Chicago Avenue in the Near North community - a Gautreaux General area immediately attached to an Opportunity area. Currently Lawson offers 583 Single Room Occupancy (SRO) units, including 100 units assisted by CHA's Mod Rehab program. Lawson House is on the National Register for Places.



- Lawson House has applied to HUD to convert the current Mod Rehab vouchers to RAD2 and is seeking CHA approval to administer the assignment of 100 new RAD2 vouchers. RAD2 units will continue to serve households that have experienced homelessness. Applicants will come from the City's coordinated entry system (HMIS). CHA waitlist applicants that are on HMIS will have first opportunity.
- Additionally, Lawson House is applying to the City of Chicago, the Illinois Housing Development Authority (IHDA), and other funders for grants and loans to support a \$116 million historical renovation of the building. Conversion will create 400 studio apartments with individual kitchens and bathroom. Renovation is part of the City of Chicago's initiative for SRO Preservation. Lawson House is seeking Preliminary Approval from the CHA Board of Commissioners for an additional 100 PRA studio units once renovation is complete. The renovation is planned to start in 2020 and take approximately two years to complete. CHA will assist 200 total units through 100 RAD2 vouchers and 100 PRA vouchers. Tenants will be relocated off-site during rehabilitation. Improvements will include renovation of all common areas and corridors; tuckpointing; roof, gutter and window replacement; elevator modernization; and new water and heating systems. The new studio units will include a refrigerator, stove, and microwave. All utilities are provided by the building and are included in the rent. Tenants will be identified through the CHA waitlist. Seventy-five (75) of the PRA units will have a homeless preference with applicants coming from the City's coordinated entry system. CHA waitlist applicants that are on HMIS will have first opportunity. Twenty-five (25) of the PRA units will be filled through CHA's Demonstration Project with the State Referral Network.
- Lawson House offers onsite management and supportive services through Holsten Human Capital Development. Building amenities include an exercise room, laundry room, bicycle storage, as well as a community room with kitchen. After rehab, all units will be adaptable, with 85 units accessible and 8 units for the sensory impaired. A roof deck on the 6<sup>th</sup> and 19<sup>th</sup> floor will be available for residents.

### Property Owner / Manager

**Holsten Partners, LLC** is the ownership entity of Holsten Real Estate Development Corporation. Holsten has developed over 2,400 units of housing and manages over 2,400 affordable, public, and market rate housing in the Chicagoland area.

**Holsten Management Corporation** provides management services to more than 2,900 units of housing in the Chicagoland area - including affordable housing, public housing, and market rate housing units.

## FOCUS APARTMENTS

### Property Profile

Focus Apartments is the preservation of an existing 3-story, walk-up building located at 165 North Central Avenue in the Austin community in a Limited Area.



- The development consists of 10 one-bedroom. Two (2) units are accessible. The building amenities include a community room, front desk coverage, on-site laundry, and assigned parking.
- PRA will assist 10 one-bedroom units. Units include refrigerators, range, central air. The unit will be situated with a bed, pull out couch, kitchen table and chairs. Tenants are responsible for all utilities.
- Applicants will come from the CHA waitlist who satisfy the CHA Re-Entry Housing Pilot. All residents shall be male ex-offenders (individuals).
- The Safer Foundation will provide supportive services and property management. Customized services will be available to residents including employment training and placement, substance abuse and medical treatment, and intensive case management.

### Property Owner / Manager

**Safer Housing Assistance, LLC** is the owner of the property of which Safer Foundation is the managing member. Safer Foundation is committed to the reduction of recidivism through a full spectrum of services, and has been working with Illinois Department of Corrections since 1983. Focus Apartments has been opened since August 2007 to support the mission by providing safe, stable, affordable housing with supportive service to facilitate the re-entry process and prevent recidivism.

**The Safer Foundation** will provide property management and supportive services. The Safer Foundation is a recognized leader in the application of workforce development strategies for persons with arrest and conviction records. The Safer Foundation works with CHA through the Re-Entry Demonstration Project.

Respectfully Submitted:

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Derek Messier  
Chief Property Officer

**RESOLUTION NO. 2018-CHA-**

**WHEREAS,** the Board of Commissioners of the Chicago Housing Authority has reviewed the Board Letter dated November 20, 2018 entitled "Authorization to execute 1) Housing Assistance Payments contract under the Second Component of the US Department of Housing and Urban Development Rental Assistance Demonstration Program for (A) Mae Suites and (B) Lawson Housing; 2) Preliminary Commitment for Letter for Lawson House; 3) Housing Assistance Payments contract for Focus Apartments; and 4) execute all other documents as may be necessary or appropriate to implement the foregoing.

**THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE CHICAGO HOUSING AUTHORITY:**

**THAT,** the Board of Commissioners authorizes the Chief Executive Officer or his designee to execute 1) Housing Assistance Payments contract under the Second Component of the US Department of Housing and Urban Development Rental Assistance Demonstration Program for (A) Mae Suites and (B) Lawson Housing; 2) Preliminary Commitment for Letter for Lawson House; 3) Housing Assistance Payments contract for Focus Apartments; and 4) execute all other documents as may be necessary or appropriate to implement the foregoing.

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Eugene E. Jones, Jr.  
Chief Executive Officer  
Chicago Housing Authority